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THE COMMERCIAL CONTROL OF THE MINERAL RESOURCES OF THE WORLD: ITS POLITICAL SIGNIFICANCE

By J. E. SPURR

OUR modern civilization and progress is largely a matter of more powerful and finer tools wherewith to control more and more the forces of nature and direct them toward advancing human comfort, convenience and power. These tools are constructed mainly from the metallic elements and minerals in the earth's crust. Breaking away from the use of wood and stone, hardly more than a hundred years ago, coal and iron made possible the railroad, the steamboat, steel bridges, ships, tunnels and canals, with the consequent beginning of the uniting of the peoples of the civilized world into a commonwealth. Nations became powerful as they possessed, or had free access to, coal and iron. Next with the development of electricity, copper became essential; by this means the telegraph, the telephone, the transmission line for power plants were made possible, and the substitution of hydro-electric power for steam. With the development of steel, more powerful materials became possible through alloys of steel with rarer metals, such as nickel, chromium, vanadium, tungsten, molybdenum and these latter became each in its way increasingly important. With the invention of the gasoline engine the oil concentrations in the crust came to rival in importance the coal fields, for thus was made possible the automobile and the airplane.

The races of men cover the land of the globe, save where the cold is too intense, at the poles; and also save where fresh water is scanty or lacking, for without water there can be, according to the terrestrial plan, no life, whether animal or vegetable. Everywhere else, in all lands, vegetable foods which feed the race may be grown. Wheat encircles the earth, in both hemispheres.

But the metallic elements which are found throughout the earth's crust are segregated or consolidated so as to be easily won by man in special restricted areas, not defined by latitude or longitude. Nor can such ores be transplanted or made by

human ingenuity to develop in spots where they do not exist. The culture of corn, potatoes and tobacco may be carried from America to Europe, and the breeding of horses from Europe to America, and thus original economic advantages may be obliterated, but not so with the mineral kingdom.

The occurrence or lack of these mineral concentrations in the lands occupied by a race constitutes, therefore, under the present system, one of the most fundamental and unalterable advantages or drawbacks to progress. The race possessing the fullest complement of these metals, in quantity, tends to increase most in power. The race that has them not, or not in due proportion, must, if it is to keep pace, obtain them, either by conquest or by trade, or both. The struggle for the borderlands between France and Germany, including Alsace-Lorraine, was a struggle for coal and iron.

The natural boundaries for autonomous states are those of race, tongue and geography; but the extent and forms of empires, and of their tentacles have been and will be determined by natural resources, chief among which are the fullest complement of the metals; and so it will remain until the world-federation, with free trade by sea and land.

Probably no nation has seen this so clearly as Germany. She had to, being relatively poor in natural resources.

Of all great nations (save, perhaps, the old Russian Empire) the United States has within its boundaries the greatest mineral wealth; and perhaps least of all great nations has realized its political significance. The United States possesses vast iron, coal and oil reserves; the richest copper districts of the world so far developed (probably only South America will rival them) and adequate lead and zinc deposits. Hence in large measure the rapid rise of the United States to power and wealth; hence her fitness for leading the world in civilization. She has the sinews of war, of peace and of growth.

Two elements of weakness in this respect present themselves. First, the lack of full development of internal resources, because in many instances it has been easier to trade than to develop. This defect the present war has in part remedied; and we should look to it that it is studiously remedied in the future. Germany possessed (before she lost Alsace-Lorraine) the only large resources of mineral potash in the world, and therefore deemed herself in a position to dictate to other nations and exact supplies of other raw materials, such as copper, rubber and cotton, which she must have. Nevertheless, we have vast stores of potash, especially in our silicate rocks,

which stores we have slowly developed under the stimulus of high war prices; and it seems entirely probable that we can, if we wish, supply ourselves entirely from domestic sources. Second, there are mineral resources in which our country is poor or lacking. Natural supplies of tin and platinum, for example, are practically wanting.

The possession of great resources by a country is not final as an advantage; for in the end it is not political but *commercial* control which gives rise to power, wealth and the growth of individual civilizations. Small nations and even lone cities have become powerful and dominant in proportion as they spread their web of commercial control over wider and wider areas. The old example of Phœnicia will come to mind, and later and more especially, Venice, and still later the Free Cities of Germany. The cramped islands of Britain drew the inhabitants to the sea, to voyaging and trading, with the consequent growth of a great empire and the attendant necessity of becoming mistress of the seas. Holland at one time furnished a similar example, as well as Spain, and even Portugal.

As the power of these great commercial nations, as well as their commerce itself, depends upon their fleets, so it is great naval battles that have in many cases signalized the fall of great world powers. The defeat of the Armada ended the control of the seas for Spain; the sweeping from the seas of Van Tromp's fleet for Holland; and by these and other naval victories Great Britain achieved her world predominance, which she can maintain in no other way than by her present naval policy.

Many of us have wondered what Germany meant by the "freedom of the seas." What else than relief from the naval control of Great Britain? Freed from this, the German navy would soon have strengthened and extended her overseas empire. The freedom of the seas can mean little else than that Britain shall so equalize her navy with that of other great powers that the navy of each of these shall have as equally impressive an influence (on minor as well as upon major peoples) as has that of England. We ourselves know well the valuable regulative power of a show of battleships and perhaps a landing of marines. "All very well," reflects Britain, "but how shall we police our world-wide empire against these very peers and commercial rivals of Britain unless our navy is preponderant; and what other nation has such a scattered empire to guard?" In truth, the control of the sea-lanes to Canada, India and Australia, is to Britain what the control of our transat-

lantic railways and of the Panama Canal is to the United States.

The commercial control of mineral and other natural resources is normally followed by political control. Spain sent expeditions to Mexico for gold and the Conquest was the result; much as in modern times, the English adventured in South Africa for gold and diamonds, with the consequent disturbances which ended in a war of conquest. To this day, as the underlying cause of great political events, careful scrutiny will often discern the necessity for minerals. The rôle of Mexico's mineral resources, especially oil, in her recent tempestuous history has yet to be unearthed from the secret archives and made clear.

Commercial control may be secured by political control, or may exist independently of it. We imagine that because the United States possesses great mineral wealth, she is, therefore, in a position to dictate to other nations, to withhold or supply. Does this follow in the case of China or India? On the contrary, it becomes a source of weakness unless coupled with commercial control. Where commercial control lies outside of China or India, the people pass under foreign domination along with the natural resources of their countries. It was with great good judgment that the Mormons hunted away the prospectors from Utah and forbade mining, knowing that the powers of the Mormon State would fall when mineral wealth was developed.

We fail to realize the quiet, incessant and invisible power of commercial control, working intricately and efficiently in a thousand ways, often almost, or quite, beyond the control of governments. In times of war a nation may set up partly successful barriers between its wealth and the grasping hands of other peoples; in times of peace there may more easily develop, unfettered, vast commercial empires whose boundaries do not by any means coincide with the political empires, and which possess great power, and shape the course of history.

What are we going to do about it? The first thing to do is to understand the facts and the essential elements of the problem. We must make a preliminary survey of the world to see, separately, where each of the essential metals is segregated into workable and valuable fields. Incidentally, we will note in what geographic boundaries and under what governments these great deposits lie. Next we must see who really owns them, what companies, where incorporated, and how controlled; and who owns the stock. But that is not all, nor most important. The key to commercial control lies not in the nationality of the stockholders, but in the nationality of the *capital* behind the

enterprises. This is not always easy to find out, but it must be charted as accurately as possible.

For us, one of the principal lessons of such a study will be that the United States Government must protect and encourage the investment of American capital in mineral wealth. (I write only from the standpoint of the study of ores.) It must do this in the United States, else we shall have our resources dominated commercially by foreign capital, close upon the heels of which normally follows foreign political influence and guidance. We must do it in minor countries which look to us for support, especially the minor American republics which we have long defended from European and Asiatic aggression and domination. The Monroe Doctrine, if held to, must be applied to commercial as well as political control. Germany at the outbreak of the World War had gone far toward establishing outposts of her commercial empire in certain parts of South America, which were fast becoming parts of her empire politically. Her progress would probably have been consummated had she not brought on the war; indeed, she was in a fair way to have established a commercial outpost in the United States, which would have affected the political control of our own country.

Commercial strength lies in the combination of capital, and only by recognizing and encouraging combinations of American capital engaged in mining can the well-organized foreign combinations of capital be offset and checkmated. The government should see to it that such companies are loyal and American, for loyalty in commerce is as important as loyalty in politics, and these companies the government should guide and control, in proportion as their size and influence increases, considering them as they grow, to merge gradually into what may be considered essentially public utility companies, to serve public uses, just as the railroads have been considered to be; and a full understanding and alliance should be made with such mining companies, who should understand the need and right of government direction. Herein—in the power and science of capital—lies much of the future of history, only it must be directed and handled for the common good. If we do not use this science of capital, we shall be easily outdistanced by more highly organized nations.

It is, perhaps, not too much to say that some economic or commercial reason lies behind nearly every political tendency and event, the sum total of which makes up history. I do not refer exclusively to the influence of capital. It may be the influence of labor or of the great mass of consumers. Most potent

will be this impulse where the influencing interests are best organized, and it is of course for this reason that the combinations of capital, no matter how justly they operate, are so powerful. The present stage of the world is the stage of organization and combination, and there have developed, in all advanced countries, very strong associations of capital interested in or even controlling certain industries the world over. It is idle to think it is possible to break up these combinations of business which like combinations of governments must, in the necessary course of evolution, grow stronger. It is, therefore, essential to study these forces in order that they may be coördinated and controlled. The remedy for the consumer and the laborer, against anything but benefits from such organized efficiency, lies in their exercising over it, through their governments, the control necessary to safeguard their position and to better it.

Modern invention, increased facility of communication, and modern time-saving and distance-eliminating discoveries, have led inevitably toward both commercial and governmental combinations. The progress from the prominence of state government in the United States through the strong federal control system, the constant accretion of territory and spheres of influence, and finally the plan of the world-combination of government, was the result of the same inventions which led commerce in all countries to gather in larger and larger pools, which finally became national and are now international.

A single example (among many available) of the problems of political and commercial control of minerals may be briefly cited. Petroleum will apparently be to the future what coal has been to the past—predominant in importance on the land, in the air and on the water—through the automobile and tractor, the airship and the modern petroleum-burning steamship, which apparently will largely supersede the coal burner. The control of petroleum production, and especially of strategic oil bunkering, will control the seas and commerce, in the interest, if need be, of the controlling nationality. Some extracts from an unpublished article by John D. Northrup, oil specialist of the U. S. Geological Survey, will illustrate this problem:

POSITION OF THE LEADING POWERS

United States:

With respect to developments expected in the petroleum industry, within the next decade, the position of the United States, thanks to the enterprise and foresightedness of financial interests of domestic origin, is apparently strong. United States interests are practically supreme in the

commercial control of the petroleum resources of the Western Hemisphere, dominating the petroleum industry in the United States, Canada, Mexico and Peru, holding substantial interests in Trinidad and Venezuela and in the prospective petroliferous areas in Central America and Colombia. Its only competitors are British and British-Dutch interests, which control the petroleum situation in Trinidad and are not only strongly entrenched in the United States, Mexico and Venezuela, but are aggressively seeking to enlarge their holdings in those countries and to gain footholds elsewhere. Unless the United States adopts measures to limit the aggressions of foreign capital in this country, such as federal operation of the trunk pipelines, and adopts either a firm forward-looking governmental policy toward the protection of investments of its citizens in petroleum properties in other countries, particularly Latin American countries, or adopts the more radical but amply justified policy of direct governmental participation in petroleum developments in other countries, it may witness its commercial supremacy in petroleum affairs wane and disappear, while it is yet the largest political contributor to the world's supply of petroleum.

Great Britain:

British and British-Dutch interests easily dominate the petroleum situation in the Eastern Hemisphere by domination of the petroleum industries of Russia, India and the Netherlands East Indies. The strength of Great Britain's present position in the World's petroleum affairs lies in a strong governmental policy in the matter and in the wide scope of British petroleum investments, embracing practically every country of which petroleum is an important product and nearly every country of which it is a product of potential importance.

France:

Since control of the petroleum interests of the Rothschilds passed into the hands of the Royal Dutch-Shell Syndicate (British-Dutch), the influence of French finances in petroleum affairs has been negligible, outside Galicia and Italy, where its influence was not great. At the termination of the war French capital will undoubtedly participate in efforts to determine the petroleum capacity of the Barbary states, French dependencies, but that it will be appreciably involved in organized efforts to control the world situation with respect to petroleum is not anticipated.

Japan:

Japanese investments in the world's petroleum industry have not yet attained significant proportions outside Japan itself, though the Japanese government is officially alive to the importance of Japanese investments in petroleum properties in Mexico, particularly Lower California and Sonora, China, and undoubtedly Russia, and large investments of Japanese capital in the petroleum industry in one or all of those countries may be confidently expected in the near future.

More recent developments in the oil industry, since the above was written by Mr. Northrup, serve to emphasize the tendencies which he describes.

These quotations furnish the key for our future American

policy. Such mineral wealth as we possess in an exportable surplus must be managed for our best advantage. Such minerals as we do not possess in quantities sufficient for our own needs must be secured to us so far as possible by a definite and intelligent governmental policy.

I may digress somewhat to point out what appears our present best national policy as regards our own scanty supplies of this latter class of mineral commodities. There is at present an agitation among certain portions of our mining industry for the protection of some of these mineral industries which have developed through the stimulus of war shortage and high prices, and for rendering them permanent. From the national standpoint this would be shortsighted. We would be consuming our scanty reserves and would be impoverished in this respect more and more in the future. It is much better, for example, to trade our surplus of cotton and copper for the high grade chromite and manganese of other nations, being sure, however, to adopt such a moderate policy that our own reserves of such ores, in part at least, are readily available upon emergency.

Students of foreign trade in ores and of the mining industry of foreign countries, as well as our own, have noted that the competition of combined commercial interests other than the German, exists under official or semi-official guidance, and that, for example, the policy of the English in this regard is a very strong and deliberate one with which we have to count. This development is a natural one and we find the same impulse in American thought. Note, for example, our frankly expressed plans for capturing foreign trade and for having our merchant marine predominate on the seas. We can not, of course, do these things without taking wealth and power away from England and other maritime nations. Hence it is the right and intelligent policy for these nations to further their own interests just as we plan to do. However, if our policy is to be self-protective and nationalistic, as we state so openly, assertions are not enough: we must back these up by direct government encouragement and protection, such as is afforded the British and other nationalities by their governments. Americans, for example, or American companies (together with other foreigners) are debarred from owning or operating oil-producing properties in the British Isles, Colonies and Protectorates; but British-controlled companies have important holding in the oil fields of the United States, which they are extending.

In some of the mineral commodities, it seems very possible that there will soon develop, if there does not already exist in

some cases, a world shortage which may tend to grow more stringent, since the development of the arts requiring these materials will undoubtedly grow rapidly, while the natural supplies of these materials may not be increased in proportion. Therefore, there will be necessarily sharp competition between the United States and its best friends, such as England and Japan, as well as between us and our former enemies. This commercial struggle will have a certain tendency to terminate in the future precisely as it has in past history—in commercial and political intrigues, in bitterness of national feeling, and in wars. We may liken the commercial struggles of the respective nations to the cut-throat competition of rival commercial houses. The historic commercial-political struggle for the fur trade of North America between the British Hudson Bay Company, the French companies, and Astor's American Company in Oregon, is essentially what we may deduce in principle as the result of all great struggles for the enlarged trade and greater wealth of nations at the expense of each other. Speaking in the language of commerce, is this good business? Will it pay in the long run? Has it paid? Did it pay Germany, our best example? A continuation of this competition means for England an absolute necessity of keeping by means of her fleet the position of mistress of the seas. It means for America a program which has already been put forward, viz., the program for building a fleet as large or larger than England's. Competitive matching of navies to protect the commerce of their respective countries will end in the same way as competitive matching of armies—in war.

The only reasonable solution would seem to be for the rival houses to amalgamate. The plans for a league of nations are now under consideration, but there is grave doubt as to whether they will mature satisfactorily. If many nations, large and small, with different ideals shall seek to form a union, then it may be feared that no practical results will arise. It seems not only feasible, however, but imperative that the three nations which stand abreast in the forefront of civilization and are highest developed as regards fairness and good will toward the whole world, viz., the United States, Great Britain and France, should amalgamate for their own and the world's good, and agree upon a firm central policy with plans looking forward toward reciprocity or free trade, so far as it is fair, among themselves. Treaties will be no good; history has shown them to be what the Germans cynically termed them—"scraps of paper." The world has already tried a central judiciary and

has gained some fragments of international legislation but these have been of no avail to prevent war. Any league to be effective must be bound, not only by a central judiciary, but by a central legislative body, executive council, and a central military or police force by land and sea. But of even greater importance is the principle that for any league of two or more nations to be effective and permanent there must be commercial, as well as political alliance. The political league of the United States of America would not last long if there were interstate tariffs and discrimination in commerce by one state against the citizens of another.

Let this federation of the English- and French-speaking peoples be formed as a first step, and let it be tried out. By itself alone it would guarantee the world its peace. Other nations would be on probation and would be admitted one by one as they showed themselves desirous and competent, just as the territories of the United States have been admitted one by one to the brotherhood of states. This triple federation would safeguard the rights of peoples outside of the federation, to be well governed, to have their government administered for their own good, rather than for the advantage of exploiting powers or individuals. This does not mean that every state or tribe in the world should have the same voice in the world government as others. The Afghans can not have the same influence individually or collectively, as the Americans or British, except as they develop and show themselves more and more worthy, but it is the right and duty of the most advanced individuals and nations to see that nations like Afghanistan and India have the same fairness of government administered to them as the Americans or British.